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BEFORE THE ARIZONA CORPORATION COMMISSION

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DOUG LITTLE –CHAIRMAN
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IN THE MATTER OF THE APPLICATION OF CHINO MEADOWS II WATER COMPANY, INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02370A-14-0231

STAFF'S OPENING BRIEF

The Utilities Division of the Arizona Corporation Commission ("Staff") hereby files its closing brief in the above-captioned matter. In this brief, Staff will address the major disputed issues. On any issue not specifically addressed in this brief, Staff maintains its position as presented in its testimony.

I. INTRODUCTION.

Chino Meadows II Water Co., Inc. ("Chino Meadows" or "Company") is a class D utility that provides water service in Yavapai County, Arizona, to approximately 900 customers. Chino Meadows's current rates were authorized in Decision No. 72896, dated February 21, 2012. On June 30, 2014, the Company filed a rate increase application as ordered in Commission Decision No. 72896. The Decision required Chino Meadows to file its next general rate case using the same test year as that used in the next rate case for Chino Meadows's affiliate, Granite Mountain Water Company Inc. ("Granite Mountain"), in order to eliminate further disputes related to cost allocations. Chino Meadows and Granite Mountain, in Docket No. W-02370A-14-0230, both used a 2013 test year.

II. SUMMARY OF REVENUE REQUIREMENT POSITIONS.

The Company does not request rates based on rate of return because the Company claims that a rate increase calculated using a traditional return on rate base approach would not generate adequate revenue. The Company requests a revenue increase of $44,618, or 12.26 percent, over test year revenues, for a total revenue of $402,603. The Company's proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons from $26.45 to $29.36, for an increase of $2.91 or 11 percent.

Staff recommends that the current rates remain in place on a going forward basis. These proposed rates would produce a total operating revenue of $357,985, a $0 (0.00 percent) increase, over Staff's adjusted test year revenue of $357,985 and adjusted test year expense of $301,230, to produce a $56,754 operating income and an operating margin of 15.85 percent. Staff's recommended rates would result in no change for the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons at $26.45, as shown on Schedule TBH CM-25A.

In the alternative, Staff has developed a revenue recommendation based on traditional rate of return analysis. These recommended rates would produce a total operating revenue of $316,072, a $41,916 (11.71 percent) decrease, from Staff's adjusted test year revenue of $357,985, to provide a $16,153 operating income and a 10.00 percent rate of return on Staff adjusted OCRB of $151,528, as shown on Schedule TBH CM-1B. This recommendation would result in a 4.52 percent operating margin. Staff's recommended rates would decrease the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons from $26.45 to $22.76, for a decrease of $3.69 or 13.96 percent, as shown on Schedule TBH CM-25B.

The parties' recommended revenue requirements and associated rate increase are summarized as follows:

	Revenue Requirement	Revenue Change	% Change
Company Application	$497,378	$139,014	38.79%
Staff Direct	$357,985	$0	0.00%
Staff Direct Alternative	$299,772	($58,212)	(16.26%)
Company Rebuttal	$402,603	$44,618	12.46%
Staff Surrebuttal	$357,985	$0	0.00%
Staff Surrebuttal Alternative	$316,072	($41,916)	(11.71%)

III. CONTESTED ISSUES.

Among the major contested issues between Staff and the Company are the allocation of costs between Chino Meadows and Granite Mountain, the authorized operating margin, the revenue requirement, Staff's recommended removal from rate base of ten percent of the $42,759 cost of plant in service due to unsupported plant, the amount of Mr. Levie's salary expense, the terms of a Code of

Affiliate Conduct, the need for authority annual reporting of cost allocations and the request for authorization to appoint an interim manager.

A. Allocation of Costs.

In the Company's previous rate case, the allocation of costs between Chino Meadows and its affiliate Granite Mountain was also in dispute, causing the Commission to include in its Decision No. 72896 "IT IS FURTHER ORDERED that in order to eliminate further disputes related to cost allocations, Chino Meadows II Water Company shall file its next general rate case using the same test year as is used in the next rate case for its sister utility, Granite Mountain Water Company, Inc."

The Company proposes that 80.5 percent of common costs be allocated to Chino Meadows and 19.5 percent to Granite Mountain, based primarily on customer count. Staff proposes that 74 percent be allocated to Chino Meadows and 25 percent to Granite Mountain, with 1 percent allocated to affiliate Antelope Lakes Water Company, Inc., using a multi factor analysis. While the Company asserted at hearing that a greater allocation should be made to Chino Meadows because its plant is older, more maintenance is required and replacements will be required in the near future, the Company has provided no details about the age or condition of the plant, nor quantified the costs associated with the age of the plant. Indeed, this assertion was first made at hearing, and absent from any of the Pre-filed Testimony or Data Responses in this case during its preceding 15 month duration.

The Company advocates what it deems to be a simple analysis of the allocation of costs. Company witness Ray L. Jones testified that, although Chino Meadows and Granite Mountain have traditionally allocated costs solely on the basis of customer counts, with 88 percent going to Chino Meadows and 12 percent to Granite Mountain, he attempted to address Staff's concerns regarding that single factor methodology by also including plant in service as a factor.[1] However, the Company's new methodology still retains its primary focus on customer count due to the manner in which it weights the two factors. The Company weights customer count so that it constitutes 83.3 percent and the plant in service constitutes only 16.7 percent of the total consideration.[2] The Company weights plant in service at 1.0, while test year customer count, at 2.5, and 2018 customer

[1] TR at 29.
[2] Exhibit A-1, Schedule TBH Chino Meadows-193, Company Workpaper.

count at 2.5, are weighted at 5.0. That weighting is further skewed by the fact that the Company did not include Storage Tank No. 3 in plant in service for Granite Mountain, even though it seeks to include the tank (and Staff agrees) in rate base, increasing it by $102,222.68.

While customer count is one factor in determining cost causation, there are many others that can impact allocation, and they can be weighted at different levels depending on the facts of a case.[3] These include plant in service (net or gross), gallons of water pumped, and annual revenue. In addition, these can be looked at a number of points in time, e.g. the end of the test year, the time of filing the application, a future year, or some average of these. Staff initially recommended a four factor analysis – customer count, net plant in service, total annual revenue and total annual gallons pumped - which it believes better represents a correct allocation of costs.

Staff then analyzed numerous scenarios - Staff characterized the number as "dozens" - utilizing both weighting and non-weighting of factors.[4] These included not only those proposed by the Company, but also net plant at the time of the rate case, gross plant at the time of filing, post test year net plant, post test year gross plant, customer counts, various expense categories, annual revenue, gallons pumped and any other factors that would help identify the cost drivers so they could be properly allocated.[5]

By running a number of scenarios, Staff was able to determine the range within which the allocations fell. Staff ultimately modified its four factor analysis to a simpler application, and selected the analysis that it deemed most appropriate based on the range of calculations in the various scenarios with each factor given equal weight. This percentage would be fixed and not subject to additional analysis until the Company's next rate case. This would reduce the complexity of the Company's record keeping and operations as plant is added or retired.

B. Operating Margin.

The Company seeks a revenue requirement based upon an operating margin of 15 percent. Its rate base is deemed to be small and declining, so that using a traditional rate-making approach would not generate adequate revenue; it would result in an operating margin of only 4.16 percent, assuming

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[3] TR at 123; Exhibit S-1, 9-12.
[4] TR at 123.
[5] *Id.*

a 10.0 percent return on rate base. Staff's initial analysis of the rate application determined that applying either a traditional rate of return analysis or the Company's proposed 15 percent operating margin would result in a rate reduction. Therefore, Staff recommended that the current rates, which result in a 15.85 percent operating margin, remain in place on a going forward basis.[6]

With subsequent adjustments to various items set forth in both the Company's Rebuttal Testimony and Staff's Surrebuttal testimony, the operating margin associated with Staff's recommendation that rates remain the same also changed, with the new operating margin equaling 13.38 percent.[7] Company witness Mr. Jones suggested at hearing that Staff's recommended operating margin was allowed to 'float up and down.'[8] However, Staff did not adopt a specific operating margin or even the use of an operating margin analysis.[9] Staff noted when first recommending no change in rates that the resulting revenue produced an operating margin greater than the 15 percent sought by the Company; but it did not adopt the Company's operating margin. When adjustments made in Rebutttal and Surrebuttal Testimony resulted in a 13.38 percent operating margin, Staff deemed the resulting sufficient as well.[10]

C. Revenue Requirement.

The Company initially proposed a $139,014, or 38.79 percent, revenue increase over test year revenues of $358,364 for a total revenue of $497,378, which would have produced an operating income of $74,604 for a 15.0 percent requested operating margin.[11] The Company's proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons from $26.45 to $35.89, for an increase of $9.44 or 35.69 percent.

In its Rebuttal Testimony, which sets forth the Company's current position, the Company requests a revenue increase of $44,618, or 12.26 percent, over test year revenues, for a total revenue of $402,603. The Company's proposed rates would increase the typical residential 5/8 x 3/4-inch

[6] Exhibit S-1 at 5-6.
[7] Exhibit S-2, Executive Summary.
[8] TR at 18.
[9] Exhibit S-1 at 5.
[10] Exhibit S-2 at 2.
[11] Rate Application; Exhibit S-1, Executive Summary.

meter bill with a median usage of 3,469 gallons from $26.45 to $29.36, for an increase of $2.91 or 11 percent.[12]

Throughout this proceeding Staff has continued to propose that the current rates remain in place. These proposed rates would produce a total operating revenue of $357,985, a $0 (0.00 percent) increase, over Staff's adjusted test year revenue of $357,985. Staff's recommended rates would result in no change for the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons at $26.45, as shown on Schedule TBH CM-25A.[13]

In Staff's Direct Testimony, Staff supported adjusted test year expenses of $301,230, to produce a $56,754 operating income and an operating margin of 15.85 percent. In Staff's Surrebuttal Testimony, Staff supports $310,068 in test year operating expenses, which results in an operating income of $47,916. This cash flow level results in a 29.66 percent rate of return and a 13.38 percent operating margin. This remains Staff's primary recommendation.[14]

In the alternative, Staff has developed a revenue recommendation based on a traditional rate of return analysis. In its Direct Testimony, Staff's alternative rate of return rates would produce a total operating revenue of $299,772, a $58,212 (16.26 percent) decrease, from Staff's adjusted test year revenue of $357,985, to provide a $13,537 operating income and a 10.00 percent rate of return on Staff adjusted OCRB of $135,369, as shown on Schedule TBH CM-1B.[15] This recommendation would result in a 4.52 percent operating margin. Staff's recommended rates would decrease the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons from $26.45 to $21.16, for a decrease of $5.29 or 20.01 percent, as shown on Schedule TBH CM-25B.[16]

In Staff's Surrebuttal testimony, Staff's alternative rate of return recommendation continues to result in a decrease in rates. These recommended rates would produce total operating revenue of $316,072, a $41,913 (11.71 percent) decrease, from Staff's adjusted test year revenue of $357,985, to provide a $16,153 operating income and a 10.00 percent rate of return on Staff's adjusted original cost rate base ("OCRB") of $161,528, as shown on Surrebuttal Schedule TBH CM-1B. Staff's

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[12] Exhibit A-1 at 6-7.
[13] Exhibit S-1 at 5-6; Exhibit S-2 at 2-3; TR at 97-99.
[14] Exhibit S-2, Executive Summary and at 2-3
[15] Exhibit S-1 at 6.
[16] *Id.* at 5-6; Schedule TBH CM-25B.

recommended rates would decrease the typical residential 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons from $26.45 to $22.76, for a decrease of $3.69 or 13.96 percent, as shown on Surrebuttal Schedule TBH CM-25B. OCRB and fair value rate base ("FVRB") are deemed to be the same in Staffs Schedules.[17]

D. Rate Base Issues.

1. Unsupported Plant.

Staff has identified $42,759 in plant additions for which the Company is unable to provide support. These items are detailed In Schedule TBH CM-5, attached to Staff's Direct Pre-filed Testimony.[18] The Company acknowledges that, other than its accounting records, it is unable to provide detailed invoices for this plant; the Company's offices were destroyed by fire in December 2011.[19] Although the Company attempted to obtain duplicate supporting documents from vendors, those records no longer existed.

A.A.C. § R14-2-411(D)(1) requires a regulated utility to "keep general and auxiliary accounting records reflecting the cost of its properties ... and all other accounting and statistical data necessary to give complete and authentic information as to its properties." Further, the Company which seeks an increase in rates bears the burden of proof to support its request. Where those records are not produced, Staff typically recommends that all related costs be removed from rate base.

Staff is not unsympathetic to the Company's circumstances in this regard and is recommending that the substantial majority, 90 percent, of these costs be included in rate base. However, as even the Company has acknowledged, it is not unusual in a rate case for some portion of plant in service, including interest and late fees, to be excluded from rate base.[20] As Staff is unable to review the invoices supporting this plant to determine whether 100 percent of the amounts are includable, Staff recommends a 10 percent reduction. While Staff does not believe the Company should suffer the consequences of the loss of documentation due to the fire, neither should it benefit unduly.

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[17] Exhibit S-2 at 2-3.
[18] Exhibit S-1, Schedule TBH CM-5.
[19] *Id.* at 15; Exhibit A-1 at 7.
[20] TR at 40-41.

2. Working Capital.

The Company and Staff agree as to the methodology for determining working capital.[21] This is a flow-through issue: the only dispute results from the differences in the parties' positions in adjusted test year expenses. The Company's adjusted end of test year working capital is $33,465,[22] while Staff's is $29.357.[23]

E. Income Statement Adjustment re: Salary of Paul Levie.

Mr. Paul Levie is the president and primary shareholder of Chino Meadows and Granite Mountain. He provides management services for both companies for which he receives a flat fee in compensation. Company witness Ray Jones testified that Mr. Levie's salary for both companies is based on what the Company feels a full-time senior executive at a regulated water company of this size would be paid - $76,800. Because Mr. Levie works about 20 hours per week, his annual salary has been set at $38,400. However, due to an error, Mr. Levie was actually paid $37,700 for the 2013 test year, so that is the amount the Company seeks to recover. Under its proposed allocation rates, the Company seeks to recover $31,700 through Chino Meadows' rates and $6,000 through Granite Mountain's rates.

Staff attempted to determine the reasonableness of Mr. Levie's compensation by reviewing the services actually provided. Unfortunately, Mr. Levie does not maintain time records for his services to Chino Meadows or Granite Mountain, nor does he maintain any records showing the allocation of time he spends on each Company. In response to Staff's DR TBH 1.26 seeking supporting documentation, the company was able to provide only an estimate of his representative monthly schedule. Staff would not that, in the Company's previous rate case, the Commission adopted Staff's position as to Mr. Levie's salary, which was reduced from what the Company sought, on the basis that there were no time records or other supporting documentation for his salary. Although the Company bears the burden of supporting Mr. Levie's salary and Mr. Levie had notice of the risk that his salary could be impacted if he failed to provide supporting documentation, he did not provide that documentation here.

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[21] *Id.* at 21.

[22] Exhibit A-1, Schedule RLJ-2.

[23] Exhibit S-2, Schedule TBH Chino Meadows-12.

Staff's review of the information provided leads Staff to conclude that Mr. Levie's salary is overstated, at either the $37,700 or the $38,400 level. In general terms, Staff is concerned that, as Mr. Jones acknowledged, Mr. Levie is now nearly 90 years of age and has a number of other businesses.[24] Also, due to recent health issues, Mr. Levie's family is taking over some business functions to relieve the stress on Mr. Levie.[25] This would suggest that he is not providing the same level of services as he has in the past.

More specifically, in reviewing the records the Company provided to Staff to support its Application, Staff determined that Mr. Levie was out of town for 33 percent of the year. The Company describes Mr. Levie's duties as supervision and management of company personnel; oversight of company operations; provision of strategic direction; review of company financial data including payables, receivable, revenue and expenses; provision of legal representation for Company; review of payroll and signing of checks; review and authorization of all vendor payments; acquisition regulation and oversight of company loans and long-term debts; meeting with operations management to review capital program and address operational issues and ensuring that proper facilities and equipment are available; development and review of company processes and procedures to ensure regulatory compliance; and revision and Income Taxes. Given that Mr. Levie indicated that he performed typical duties on a monthly basis and the nature of the services provided, if Mr. Levie was out of town for extended periods, he would be unable to perform these functions.

Staff reduced Mr. Levie's salary by $11,761 to reflect this time. Further, Staff identified duplication in the duties of Mr. Levie and his operations manager and decreased his salary by an addition $4,673 to reflect the same. This results in a total reduction of $17,444 to Mr. Levie's salary. `Staff recommends allowing a salary of $21,266 for services to Chino Meadows and Granite Mountain, to be allocated in accordance with Staff's recommendation.

F. Affiliate Transactions.

Staff's evaluation of Chino Meadows' rate Application revealed several problematic transactions between the Company and its affiliate, Granite Mountain, and between the Company and

[24] TR at 49.
[25] *Id.* at 86.

its president and shareholder, Paul Levie, and his family. In response to Staff's DRs TBH 1.33 and TBH 1.34, the Company, through Mr. Jones, provided schedules of Accounts Receivable and Notes Payable for associate companies for 2010 through 2014.[26]

The following accounts receivable, which continued to carry balances due as of December 31, 2014, reflected the following amounts due at the end of the test year:[27]

Antelope Lakes Water	$ 1,385
Desert Snow Construction on behalf of Mr. Paul Levie	$16,067
PDL Zooki on behalf on Mr. Paul Levie's son, Mr. Daniel Levie	$ 104
PDL Inc. on behalf of Mr. Paul Levie	$ 1,500
Total	$19,056

The following accounts payable, which continued to carry balances due as of December 31, 2014, reflected the following amounts due at the end of the test year:[28]

PDL Inc. on behalf of Mr. Paul Levie	$ 5,000
Granite Mountain	$19,891
Total	$24,891

The Company asserts that the Antelope Lakes Water and Granite Mountain accounts are not receivables or payables 'in a traditional sense,' and that neither Antelope Lakes nor Chino Meadows is required to make any payments. The Company characterizes each as an "intercompany balance, similar as to what would be recorded between a parent holding company and utility subsidiary companies or between utility subsidiary company when cash is transferred from one utility subsidiary to the parent holding company or another utility subsidiary and vice versa."[29] The Company does concede that the other accounts represent personal transactions.[30]

Staff disagrees that these accounts are not receivables and payables and thus not subject to A.R.S. § 40-301-B. These are amounts payable over a period greater than twelve months and require Commission approval. Subsequent to the filing of the Pre-filed Testimony in this case, all non-utility payables were paid in full. However, given the Company's history and concerns with the Company's lack of a specific plan for transitioning of management in the event Mr. Levie is no longer able to perform that function, Staff believes it would be in the best interests of both the Company and its

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[26] Exhibit S-1, Attachments E and F.
[27] *Id.* Attachment E.
[28] *Id.* Attachment F.
[29] *Id.* Attachments E and F.
[30] *Id.* Attachment E.

customers that these considerations be incorporated as a part of the Code of Affiliate Conduct, and that Staff be authorized to appoint an interim manager if the Company violates any part of the Code of Affiliate Conduct.

G. Code of Affiliate Conduct.

Due to the ongoing issues with the Company and its regulated and unregulated affiliates due to the ongoing issues with the Company and its regulated and unregulated affiliates. Throughout the review of the books and records of the Company, it is abundantly clear that until a proper code is written and adhered to by the Company the issues presented in my testimony would only continue. By following the Code the Company should resolve these recurring issues. However, Staff requests that the Commission provide the authority for Staff to immediately place an interim manager if the Company violates any part of the Code.[31]

The Code of Affiliate Conduct is intended to complement and clarify affiliate transactions. This Code is to govern all operational and financial activities and relationships with and among the parent, owners, family members and all affiliates (regulated and unregulated). This Code assures the separation of the traditional roles of the regulated utilities and unregulated affiliates. The Code will develop the cost allocation through a cost allocation manual that includes time keeping for all employees. The Code would address valuing transactions for purchases or sales as well as goods and services provided to or among affiliates. Competitive bidding practices should be included in the Code. Financial arrangements between affiliates (regulated and unregulated) whether as notes receivable or notes payable would need to be addressed in the Code. The Company should develop and submit its proposed formal written policy or agreement for the Code to Staff but the scope and structure must be acceptable to Staff.[32]

The Company has indicated that it does not oppose the development of a Code of Affiliate Conduct, but disagrees with some of its proposed provisions, including Staff's recommendation that the Code apply to non-regulated as well as regulated affiliates.[33] While the Commission may not order unregulated affiliates to abide by this Code of Affiliate Conduct, the Commission expects the

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[31] *Id.* at 13-14.
[32] *Id.* at 13.
[33] Exhibit A-1 at 15.

Company to operate pursuant to that Code in its dealings with the unregulated affiliates. If the unregulated affiliates do not abide by the Code, additional time will be required in future rate case audits, and higher rate case expense may result so voluntary compliance by the unregulated affiliates would reduce possible disallowances and lower rate case expense.[34]

H. Annual Report of Corporate Cost Allocations.

Staff recommends that the Company provide an annual report of the accounting of all Corporate Cost Allocations. The reports should be reconciled to the amounts billed and paid by each regulated and unregulated affiliate company. This annual report should be filed in this docket by April 15th for the previous calendar year. Such filing requirement would cease with the filing of the Company's next rate case.[35] Company deems the separate reporting to be unnecessary and proposes to have this reporting addressed in the Code of Affiliate Conduct.[36] Staff would agree that the reporting requirements and reporting details should be addressed in the Code of Affiliate Conduct but still deems this recommendation necessary.[37]

I. Interim Manager.

For the reasons Staff recommends the adoption of a Code of Affiliate Conduct, Staff also requests that the Commission provide the authority for Staff to immediately place an interim manager if the Company violates any part of the Code, or Staff deems it otherwise necessary. Staff is appreciative of the efforts the Company has made to address Staff's concerns. However, it is evident that the Company has had a long history of improper affiliate transactions, failure to seek Commission approval for financing, and making personal loans to family. Staff also appreciates Mr. Levie's assurance to Mr. Jones in the Granite Mountain proceeding that he wants every order complied with and will do whatever it takes to accomplish that.[38] However, as Mr. Jones noted, Mr. Levie is 90 years old, is experiencing health issues, and is contributing less time to the business. Although his family members are attempting to assist in management matters, no transition plan has

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[34] Exhibit S-2 at 11.
[35] Exhibit S-1, Executive Summary.
[36] Exhibit A-1 at 16.
[37] Exhibit S-2 at 12.
[38] Granite Mountain TR at 118.

been made. For these reasons, it is more critical than ever that Staff be authorized to appoint an interim manager.

J. Rate Design.

The Company proposes a rate design slightly different from that currently in place. The Company proposes lowering the revenue collected from the base charge from 55.1 percent of revenue to 52.3 percent of revenue, while slightly increasing the percentage recovered through commodity rates. This, the Company urges, will promote revenue stability while encouraging conservation.[39] Staff recommends that, as the rates remain the same, so should the rate design. Staff details its rate design in Surrebuttal Schedule TBH CM-24A.[40]

Staff's alternative proposal regarding rates, which would result in a rate decrease, would require changes to the existing rate design. In that scenario, Staff recommends decreases in the minimum monthly charge for all meter sizes. Staff recommends that the monthly minimum for the 5/8 x 3/4-inch meter be $14.75. Staff recommends maintaining the break-over points contained in present rates for the smaller meter sizes. First commodity tier rate would decrease by $0.20 from $2.40 per 1,000 gallons to $2.20 per 1,000 gallons. Second commodity tier rate would decrease by $0.20 from $3.20 per 1,000 gallons to $3.00 per 1,000 gallons. Third commodity tier rate would decrease by $0.20 from $4.20 per 1,000 gallons to $4.00 per 1,000 gallons. The typical 5/8 x 3/4-inch meter bill with a median usage of 3,469 gallons would decrease by $3.69 from $26.45 to $22.76. Staffs recommended rates are shown in Surrebuttal Schedule TBH CM-24B and the typical bill analysis for 5/8 x 3/4-inch meter customers is shown in Surrebuttal Schedule TBH CM-25B.[41]

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[39] Exhibit A-1 at 14.
[40] Exhibit S-2, Schedule TBH CM-24A.
[41] *Id.* at 10, Schedule TBH CM-24B.

F. Conclusion.

Staff respectfully requests that the Commission adopt its recommendations on the disputed issues for the reasons stated above and the testimony provided.

RESPECTFULLY SUBMITTED this 22nd day of April, 2016.

By ______________________

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